

# India: Soaring food prices place tens of millions at risk

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Rapidly rising food prices are pushing tens of millions of Indians deeper into poverty and outright hunger.

The soaring price of vegetables pushed the annual rate of inflation for food articles to over 19 percent for the week ending November 28, a marked increase from the 17.5 percent recorded the previous week and the 15.5 percent the week before that.

The most recent data shows that the price of cereals has gone up by 12.7 percent over the past year, the price of rice by 11.8 percent, wheat by 12.6 percent, fruits by 13 percent, and milk by 11.4 percent. Potatoes cost more than double what they did a year ago and the price of onions has risen by more than 23 percent. Pulses, a major source of protein for the poor, now cost 42 percent more than they did a year ago.

In response to the latest inflation figures, Congress Party President Sonia Gandhi said that “the price rise of essential commodities continues to be a matter of highest concern to us” and pledged that India’s Congress Party-led United Progressive Alliance coalition government will take “every possible step” to address the issue.

UPA Finance Minister Pranab Mukherjee said the government will strengthen the Public Distribution System, which offers select food items at fixed prices to those with low incomes, but failed to provide any details.

Mukherjee blamed the food price rises on a shortage of pulses on the international market, saying, “There is a shortage of pulses to the tune of 3-4 million tonnes and this deficit cannot be met through imports as there are not enough pulses in the international market. It is this scarcity that is pushing up the prices.”

This is a cynical attempt to shirk the responsibility of India’s elite for the current crisis and the acute economic insecurity in which the vast majority of Indians live.

Since last spring, India’s agricultural sector, upon which more than 60 percent of the population depends for its livelihood, has been battered by drought. Floods also devastated crops and uprooted millions in some parts of the country during the late summer and fall. As a result, 278 of India’s 626 administrative districts have been declared drought or flood afflicted.

While the monsoons came late and rainfall was the scantest in four decades, the drought is not merely or even principally a natural calamity. After six decades of Indian independence, the bourgeoisie has failed to develop a proper irrigation-water management system. Consequently, the overwhelming majority of

India’s peasant farmers are wholly dependent on the monsoons to water their crops, meaning the threat of crop failures and food shortages and price rises is ever-present.

As a result of this year’s poor monsoons, India’s production of rice is expected to fall by 18 percent in 2009, from 84.6 million tons, and India, the world’s second largest producer and biggest consumer of sugar, will be forced to import sugar for the first time in many years. In 2007-2008, India exported 5 million tons of sugar, but next year it is anticipated it will import an equivalent amount.

Another reason for the pulse-shortage is the decreasing acreage given over to pulse production. Seeking to maximize their meagre earnings, Indian farmers have increasingly turned to cultivating crops that are either in high demand from the sections of the middle class that have benefited from India’s increased integration into the world capitalist economy or are suitable for export.

For fear of the social dislocation and unrest that would result, New Delhi has thus far resisted Washington’s demands that India remove all its barriers to agricultural imports. Nevertheless in India, as around the world, food prices are being impacted by a recent surge in speculation in agricultural commodities.

While Sonia Gandhi and Pranab Mukherjee made hollow statements of concern about the impact of rising food prices on India’s toilers, C. Rangarajan, a former governor of the Reserve Bank of India (RBI) and current chairman of the Prime Minister’s Economic Advisory Council, shed light on the real concerns of India’s financial elite.

He warned that the food price rises could cut across Indian big business’s drive to make the country a world manufacturing hub. “Food prices,” said Rangarajan, “must be controlled, otherwise they have a tendency to lead to manufacturing inflation ... this will require monetary action by RBI, especially (money) supply management.”

Successive Indian governments have expended enormous energy catering to the profit interests of domestic and international capital, while simultaneously promoting brutal market relations in agriculture. Since 1991, when the Indian bourgeoisie abandoned state-led development and national economic regulation in favour of India’s full integration into the world capitalist economy, state support for agriculture, including irrigation, has been slashed. Price supports have been reduced if not eliminated and the Public Distribution System has been drastically curtailed. Since 2003, the

amount of cultivated land has declined still further as India's central and state governments seize agricultural land for use by domestic and international corporations in the form of special economic zones

The poor, rural and urban, are the first victims of food inflation. Most have no savings and insofar as they do, their savings are for meeting medical and other emergencies. As a last resort poor peasants can mortgage their land at exorbitant rates of interest, a process that frequently results in their incurring ever greater amounts of debt and ultimately losing or being forced to sell their land.

The intolerable conditions facing small farmers has led to a wave of suicides—over 200,000 since 1997. This year, over 1,500 farmers in the state of Chhattisgarh committed suicide after crop failures led to their amassing debts that they could not repay. Bharatendu Prakash from the Organic Farming Association of India told the Press Association, “Farmers’ suicides are increasing due to a vicious circle created by money lenders. They lure farmers to take money, but when the crops fail they are left with no option other than death.”

A poll conducted by the government-run National Sample Survey Organisation found that 40 percent of Indian farmers would quit farming if they had a choice—an alarming revelation for a country where two-thirds of the billion-plus people live in villages.

Farmers in Uttar Pradesh, India's biggest sugar cane producing region, held protests in New Delhi on November 19 forcing parliament to shut down for several hours. Some 50,000 demonstrators took to the streets demanding changes to the fixed price paid to cane producers. Producer prices have remained fixed even as the price of sugar in the retail sector has soared.

A similar demonstration took place a week later when thousands of farmers, workers and activists protested in New Delhi demanding immediate implementation of a “Food Entitlements Act” and help for drought affected areas. According to the *Hindu* newspapers, “The rally underscored the urgency of addressing pervasive hunger and starvation, especially in a year of widespread drought and spiralling food prices.”

The government-run Indian Planning Commission claims that the proportion of the population living below the government's subsistence level poverty-line fell from around 35 percent in 1993-1994 to just over 25 percent in 2004-2005.

However, there are a growing number of reports and surveys that refutes these claims. Their findings include that the caloric intake of rural Indians has actually declined over the past two decades.

According to a recent report by an expert group headed by Suresh Tendulkar, a former chairman of the Prime Minister's Economic Advisory Council, 37.5 percent of India's population lives in poverty. For its part, an expert committee appointed by the Ministry of Rural Development and headed by Dr. N.C. Saxena concluded in a report submitted this past summer that half of India's population is living in poverty.

These estimates, however, pale beside the findings of the UPA government-appointed National Commission for Enterprises in Unorganised Sector (NCEUS). It concluded that more 800 million

Indians live on less than 20 rupees (about 50 cents US) a day.

In September the Kolkata *Telegraph* reported that the UPA government “appears likely to go by the [Planning Commission] panel's [poverty estimate] rather than the N.C. Saxena committee's higher count which, if adopted, will enormously hike expenditure on anti-poverty schemes by adding *crores* [tens of millions] to the list of beneficiaries. The irony is that the government itself had appointed the Saxena committee to work out new criteria to decide which households lived below the poverty line.”

While the Indian bourgeoisie celebrates India's recent high rate of economic growth and increasing importance in world geopolitics, the reality is that the vast majority of Indians, even before the recent food price shocks, were stalked by poverty, with hundreds of millions regularly gnawed by hunger.

One in three of the world's malnourished children lives in India, reports UNICEF. Around 46 percent of all Indian children below the age of three are too small for their age, 47 percent are underweight and at least 16 percent are wasted. This social calamity will have consequences for decades to come, since, as UNICEF notes, malnutrition in early childhood “has serious, long-term consequences.” It “impedes motor, sensory, cognitive, social and emotional development.” Malnourished children “are less likely to perform well in school and more likely to grow into malnourished adults, at greater risk of disease and early death.”

The Congress Party promised in its manifesto for the April-May national election to “enact a Right to Food Law that guarantees access to sufficient food for all people, particularly the most vulnerable sectors of society.” It further pledged that “every family below the poverty line either in rural or urban areas will be entitled by law to 25 kg of rice or wheat per month at Rs. 3 per kg.”

But after two sessions of parliament and under conditions of mounting economic crisis, the Congress Party-led government has taken no steps to adopt such legislation, not even introducing a draft bill.



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